
FINANCIAL SERVICES REPUBLICAN MORNING CLIPS 12.01.2009

Wall Street Journal: "AIG Closes NY Fed Deals, Ready to Sell AIG and Alico for Sale ... American International Group, Inc. Tuesday said it closed two transactions with the Federal Reserve Bank of New York that will reduce its debt to the government by \$25 billion and position two units for spinoff or sale."

Wall Street Journal: "Systemic Risk and Fannie Mae ... As Congress lumbers toward creating a systemic-risk regulator, it's worth a look back to 2002, when an economist named Stiglitz and a duo named Orszag wrote a paper with the droll title, "Implications of the New Fannie Mae and Freddie Mac Risk-Based Capital Standard."

Washington Post: "U.S. steps up pressure on lenders to modify more mortgages ... The Obama administration on Monday promised tougher scrutiny of lenders participating in its marquee foreclosure-prevention effort and threatened to penalize companies that don't do enough to help struggling homeowners."

NY Times: "Treasury Pushes Mortgage Firms for Loan Relief ... The Obama administration disclosed a plan on Monday intended to increase pressure on mortgage companies to permanently reduce monthly payments for troubled homeowners."

NY Times: "Fed Begins Testing a Strategy to Exit a Securities Program ... The Federal Reserve said Monday that it would begin testing its strategy to shrink its trillion-dollar portfolio of mortgage-backed securities and eventually unwind its biggest program to prop up financial markets."

NY Times: "A Financial Mirage in the Desert ... The investments were supposed to be blessed, and the bankers were desperately looking for more people to bless them."

USA Today: "AIG gives government \$25B stakes in life insurers ... American International Group on Tuesday cut the amount of money it owes the government by \$25 billion as it moved two subsidiaries into special holding units ahead of their planned spinoff or sale."

USA Today: "FHA proposes tighter rules for lenders ... The Federal Housing Administration proposed on Monday stricter rules for lenders to reduce its risk and assure it can cover future losses."

USA Today: "Fed moves to drain some money out of economy ... The Federal Reserve is taking steps to fine-tune a strategy to reel in some of the unprecedented amount of money that's been pumped into the U.S. economy during the financial crisis."

Washington Times: "Treasury wants better terms for borrowers ... Faced with sluggish progress in its foreclosure-prevention effort, the Obama administration will spend the coming weeks cracking down on mortgage companies that aren't doing enough to help borrowers at risk of losing their homes."

Forbes: "They Were For Stimulus Before They Were Against It ... Are economies inherently unstable? Are people driven by "animal spirits," and therefore susceptible to wild overreactions of stupidity and greed? And is government intervention necessary to stabilize these unstable, emotional markets?"

The Hill: "Sen. Shelby wants 'living wills' for the country's largest financial companies ... The Senate Banking Committee's top Republican on Monday said the government should require large firms to have the financial equivalent of 'living wills.'"

Politico: "Treasury to 'SWAT' big lenders ... Treasury is increasing pressure on mortgage lenders, creating 'SWAT teams' of officials who will visit top financial firms this week and mandating that the firms check in with administration officials two times a day throughout December."